

## AH Committee

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**From:** Patti Barbee <pattibarbee@gmail.com>  
**Sent:** Friday, October 23, 2020 1:13 PM  
**To:** AH Committee  
**Cc:** Stacey L. Vinoray; Alison N. Stewart; Kali Watson; Chris Flaherty  
**Subject:** Hale O Pi'ikea - Proforma  
**Attachments:** Kihei 10-22-20 9% updated 9% with RHRF.pdf

Aloha Chairwoman Kama:

See attached is the financial information that you requested.

I added some notes that should answer the questions that were posed on Monday. The Reserves line on the Project Summary page is 3 months debt service and 3 months operating expenses. On the proforma page, the Replacement Reserve line is based on \$300 per unit.

Please feel free to reach out if you have any questions.

Patti Tancayo Barbee  
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# Hale O'Pi'ikea

*90 Unit Project*

Financial Pro Forma

**9% Project**

Pikea & Liloa Drive  
Kihei, HI  
Maui County

October 22, 2020

**Ikenakea Development**

3 Leaf Holdings, Inc.

Hawaiian Community Development Board

**Project Summary**

Hale O'Pi'ikea

Kihei, HI

Hawaii

New Construction

90 Units

**Sources & Uses****Sources**

Permanent Debt	3,633,000
Other	-
Tax Credit Equity	14,264,617
GAP	
RHRF	22,087,177
Affordable Housing Program (AHP)	5,768,650
National Housing Trust Funds (NHTF)	-
Developer Equity	-
Developer Note	0
Cash Need	-
<b>Total Sources</b>	<b>45,753,444</b>

**Uses**

Construction	35,957,996
Soft Costs	3,756,629
Interest	1,403,645
Financing	649,654
Reserves	246,258
Developer Fees	3,739,262
<b>Total Uses</b>	<b>45,753,444</b>

**Construction Loan**

23,448,781

51% LTC

9% Credit/Unit

13,046.22

**NOTES**

- A&E, Studies, Construction Management, Legal
- Construction loan interest
- Origination fees, legal fees, financial consultants
- 3 months operating expense and 3 months debt service

**Financing Terms****Debt**

NOI	272,862
Perm Debt	
Construction Interest Rate	4.00%
Permanent Interest Rate	4.00%
Amortization	35
Total Debt Service	193,032
Total Coverage	1.4136

**Equity**

Price - Federal	0.890
Price - State	0.650
<i>Pay-In</i>	
Closing	20%
During Construction	0%
Completion	30%
Breakeven	0%
Stabilization	45%
8609	5%

**1st Year Proforma****Rents**

Unit type	Actual AMI Rent #	# of units	Sq. Ft.	Net Rentable SF	Gross Rent	7/1/2019 UA	Net Rent	Annual Net Rent
1 Bedroom	30%	2	528	1,056	549	129	420	<b>10,080</b>
1 Bedroom	50%	2	528	1,056	914	129	785	<b>18,840</b>
1 Bedroom	60%	14	528	7,392	1,097	129	968	<b>162,624</b>
2 Bedroom	30%	5	722	3,610	658	179	479	<b>28,740</b>
2 Bedroom	50%	5	722	3,610	1,097	179	918	<b>55,080</b>
2 Bedroom	60%	47	722	33,934	1,316	179	1,137	<b>641,268</b>
3 Bedroom	30%	2	1,046	2,092	761	228	533	<b>12,792</b>
3 Bedroom	50%	2	1,046	2,092	1,268	228	1,040	<b>24,960</b>
3 Bedroom	60%	10	1,046	10,460	1,521	228	1,293	<b>155,160</b>
Manager - 2 Bedroom	Market	1	528	528				
Common Area, Circulation & Utilities & Walls				12,132				
<b>Totals</b>		<b>90</b>		<b>77,962</b>				<b>1,109,544</b>

**NOI****INCOME**

POTENTIAL GROSS RENT	<b>1,109,544</b>	12,328
Other Income	21,600	20
Rental Vacancy & Collection Lo	(56,557)	5.00%
<b>EFFECTIVE GROSS INCOME</b>	<b>1,074,587</b>	96.85%

**EXPENSES**

Social Services	-	-
Total	765,000	8,500
Special Assessments - Taxes	-	-
Replacement Reserves	27,000	300
<b>Total Expenses</b>	<b>792,000</b>	8,800
HHFDC Compliance Fee	2,225	25
Asset Management Fee	7,500	83
<b>Net Operating Income</b>	<b>272,862</b>	

## AMI

9	10.1%	@	30%
9	10.0%	@	50%
71	78.9%	@	60%
1	1.1%	@	Mkt
90	100%		

1 Bedroom	18	20%
2 Bedroom	58	64%
3 Bedroom	14	16%
	90	

## **15 Year Proforma**

Annual Income Escalator	2.0%
Annual Expense Escalator	3.0%
Annual Property Tax Escalator	2.0%
Annual Asset Management Fee Escalator	0.0%

<b>INCOME</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>
POTENTIAL GROSS RENT	\$1,109,544	\$1,131,735	\$1,154,370	\$1,177,457	\$1,201,006	\$1,225,026
Secondary Income	21,600	22,032	22,473	22,922	23,381	23,848
EFFECTIVE GROSS RENT	\$1,131,144	\$1,153,767	\$1,176,842	\$1,200,379	\$1,224,387	\$1,248,874
Rental Vacancy & Collection Loss	(56,557)	(57,688)	(58,842)	(60,019)	(61,219)	(62,444)
EFFECTIVE GROSS INCOME	\$1,074,587	\$1,096,079	\$1,118,000	\$1,140,360	\$1,163,167	\$1,186,431
<b>EXPENSES</b>						
Social Services	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$765,000	\$787,950	\$811,589	\$835,936	\$861,014	\$886,845
Special Assessments - Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserves	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
TOTAL EXPENSES	\$792,000	\$814,950	\$838,589	\$862,936	\$888,014	\$913,845
HHFDC Compliance Fee & Asset Management	\$9,725	\$9,725	\$9,725	\$9,725	\$9,725	\$9,725
NET OPERATING INCOME	\$272,862	\$271,404	\$269,687	\$267,699	\$265,428	\$262,861
<b>DEBT SERVICE</b>						
First Lien	193,032	193,032	193,032	193,032	193,032	193,032
CASH FLOW BEFORE FEES	\$79,830	\$78,371	\$76,655	\$74,667	\$72,396	\$69,829
DEBT COVERAGE RATIO	<b>1.41</b>	<b>1.41</b>	<b>1.40</b>	<b>1.39</b>	<b>1.38</b>	<b>1.36</b>
Cash Flow	79,830	78,371	76,655	74,667	72,396	69,829
Deferred Developer Fee	0	0	0	0	0	0
Cumulative Developer Fee	0	0	0	0	0	0
NET CASH FLOW	79,830	78,371	76,655	74,667	72,396	69,829
<b>Deferred Developer Fee</b>	<b>0</b>					
<b>Cash Flow after Payment of DDF:</b>	79,830	78,371	76,655	74,667	72,396	69,829

YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
\$1,249,527	\$1,274,517	\$1,300,008	\$1,326,008	\$1,352,528	\$1,379,579	\$1,407,170	\$1,435,313	\$1,464,020
24,325	24,812	25,308	25,814	26,330	26,857	27,394	27,942	28,501
\$1,273,852	\$1,299,329	\$1,325,315	\$1,351,822	\$1,378,858	\$1,406,435	\$1,434,564	\$1,463,255	\$1,492,520
(63,693)	(64,966)	(66,266)	(67,591)	(68,943)	(70,322)	(71,728)	(73,163)	(74,626)
\$1,210,159	\$1,234,362	\$1,259,050	\$1,284,231	\$1,309,915	\$1,336,114	\$1,362,836	\$1,390,093	\$1,417,894

\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$913,450	\$940,854	\$969,079	\$998,151	\$1,028,096	\$1,058,939	\$1,090,707	\$1,123,428	\$1,157,131
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
\$940,450	\$967,854	\$996,079	\$1,025,151	\$1,055,096	\$1,085,939	\$1,117,707	\$1,150,428	\$1,184,131
\$9,725	\$9,725	\$9,725	\$9,725	\$9,725	\$9,725	\$9,725	\$9,725	\$9,725
\$259,984	\$256,784	\$253,246	\$249,354	\$245,094	\$240,450	\$235,404	\$229,939	\$224,038

193,032	193,032	193,032	193,032	193,032	193,032	193,032	193,032	193,032
\$66,952	\$63,752	\$60,214	\$56,322	\$52,062	\$47,418	\$42,372	\$36,907	\$31,006
<b>1.35</b>	<b>1.33</b>	<b>1.31</b>	<b>1.29</b>	<b>1.27</b>	<b>1.25</b>	<b>1.22</b>	<b>1.19</b>	<b>1.16</b>
66,952	63,752	60,214	56,322	52,062	47,418	42,372	36,907	31,006
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
66,952	63,752	60,214	56,322	52,062	47,418	42,372	36,907	31,006
66,952	63,752	60,214	56,322	52,062	47,418	42,372	36,907	31,006